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Rory M. Christian, Chair

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PSC Finalizes Plans to Reduce Peak Natural Gas Demand in National Grid's Service Territories Statewide

Changes Made to Demand Response Programs Will Mean Less Natural Gas Usage on Peak Days and During Peak Hours

Customers Encouraged to Use Smart Technology Systems Such as Nest Thermostats to Lower Consumption During Critical Periods

ALBANY — The New York State Public Service Commission (Commission) today finalized plans to update gas demand-response programs designed to reduce gas consumption during cold-weather and peak-gas usage events during the upcoming winter-heating season in National Grid's downstate service territories for residential and commercial customers, and to implement the same programs in National Grid's upstate service territory.

With these changes, some 1.7 million residential and small commercial customers in National Grid's natural gas service territory statewide would be eligible to participate in the "bring your own thermostat" or BYOT program with an eligible smart thermostat and 13,300 commercial customers in National Grid's natural gas service territory statewide will be eligible to participate in the commercially focused, performance-based gas demand reduction programs.

"In keeping with our nation-leading clean energy mandates, our bottom-line goal is to reduce natural gas consumption and make our utilities more energy efficient," **said Commission Chair Rory M. Christian.** "For gas service areas that are experiencing system-wide gas supply constraints, the reduction in peak-day and peak-hour gas usage from existing customers improves the gas utility's ability to maintain system reliability for firm customers during peak winter-heating events."

According to the Commission's decision, demand response programs are and will continue to be an integral part of gas utilities' system planning in future years. In its decision, the Commission found it reasonable to continue to operate and expand such programs in utility service territories with a demonstrated history of implementing these programs cost-effectively and supports expansion of such programs to other utility service territories where we expect the programs to be cost-effective.

In August 2021, the Commission ruled that New York's nation-leading Climate Leadership and Community Protection Act (CLCPA) requirements must be factored into utility rate cases. The modifications finalized today to the programs proposed by National Grid NY (KEDNY), KeySpan Gas East (KEDLI), and National Grid's upstate gas business, are consistent with the CLCPA.

Natural gas demand-response programs provide an opportunity for consumers to play a significant role in the operation of the natural gas grid by reducing or shifting their usage during peak periods in response to financial incentives. Demand-response programs are being used as resource options for balancing supply and demand. As established in National Grid's supplement to its long-term plan for its service territories, demand-response programs, and customer participation in them, will help ensure that National Grid successfully meets customer needs.

The modifications made to KEDNY and KEDLI's existing gas-demand programs include rebranding the commercial programs formerly known as the daily demand reduction program and the hourly demand reduction program to be now called the load-shedding demand reduction program and load shifting demand reduction program, respectively, and shift the time for the commercial demand response programs and the residential BYOT program for the evening peak from 5PM-9PM to 4PM-8PM, among other modifications to improve operation of the programs. The revised programs will be effective November 1, 2022.

The load-shedding demand reduction program focuses on commercial, industrial, and multi-family firm service customers capable of reducing their peak gas load over an eight-hour period on event days. Customers are asked to reduce gas consumption during pre-determined hours, either by shutting off non-heating gas equipment or switching to a backup non-gas heating fuel source during events. Similarly, the load-shifting demand reduction program focuses on commercial, industrial, and multi-family firm service customers capable of reducing their peak gas load over a four-hour period on event days. Customers are asked to shift gas consumption out of specified pre-determined hours, either by shutting off non-heating gas equipment or switching to a backup non-gas heating fuel source during events. In return for participating in either program, customers will receive a monthly reservation payment based on the amount of load relief they enroll in the program, and a performance payment based on the amount of load relief provided during called events.

The BYOT program is a load-shifting program focusing on residential and small commercial customers which uses Wi-Fi connected thermostats to remotely lower temperature set points, thus shifting peak hour gas loads on event days. Under the BYOT Program, customers are asked to shift part of their gas use out of peak morning or evening periods into other times of the gas day. BYOT customers are eligible for two types of incentives: a one-time instant incentive after the Wi-Fi connected thermostat is installed and after KEDNY, KEDLI, or National Grid upstate has confirmed the ability to communicate with the device; and, an annual incentive beginning in the second year of participation in the program and continuing through subsequent years.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 20-G-0086, 20-G-0087, or 20-G-0381 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.